



Date: August 2, 2011

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: Kerry L. Goode, CIO/Director of Technology Solutions
Subject: Microsoft Enterprise Software Licensing Agreement

Executive Summary

The City's current Microsoft® Enterprise Software Licensing Agreement provides software licenses for one thousand four hundred five (1,405) computers on the City's network. Included in this agreement, the City of Durham has immediate access rights to the most current versions of software listed under the following Microsoft® platforms: Office Professional, Windows Professional Desktop and Microsoft Core Client Access Licenses and Enterprise Client Access Licenses. The current Microsoft Enterprise Agreement is with CompuCom Systems, Inc. and expires August 31, 2011.

In order to renew the Microsoft Enterprise Software Licensing Agreement, the City issued a Request for Bid (RFB) on June 8, 2011 to select a new Microsoft Large Account Reseller (LAR). In the RFB, each LAR was requested to provide a Microsoft Enterprise Licensing Agreement to include the rights to the latest versions of all of the products included in the current Microsoft Enterprise Licensing Agreement, additional server software, training software, and technical support for a three-year period. The City received three bids on June 29, 2011. The lowest bid the City received was from Software House International (SHI).

The agreement under consideration will provide software licenses for one thousand four hundred five (1,405) computers for a three-year period. Seven of the 1,405 software licenses included in the proposed agreement are for additional desktop computers and tablet PCs to be added to the network. The proposed agreement also includes server software licenses, client access licenses, and training vouchers and technical support. The pricing in this agreement is firm for the duration of the three-year agreement. The proposed agreement allows the City of Durham to exceed the current contracted number of licenses by reporting additional quantities of computers and servers to be added to the network at the end of the agreement's anniversary date during the three-year period.

Recommendation

The Administration recommends that City Council accepts the bid from Software House International (SHI) and authorize the City Manager to execute the contract in the amount of \$381,355.51 per year or for a three-year total of \$1,144,066.50 to furnish the City of Durham with a Microsoft Enterprise Licensing Agreement to cover the licensing of desktops, servers, and training software for a three-year period.

Background

On August 4, 2008 the City Council authorized the City Manager to enter into a three-year Microsoft® Enterprise Software Licensing Agreement with CompuCom Systems, Inc. in the amount of \$258,043.75 per year or for a three-year contract total of \$774,131.25 to furnish the City of Durham with a Microsoft® Enterprise Licensing Agreement to cover the licensing of desktops, servers, and training software. The current agreement expires on August 31, 2011. The City needs to renew the Microsoft Enterprise Agreement.

The Enterprise Agreement is a simple licensing solution for customers who have made the technology decision to use Microsoft's platform of software products for desktops and servers. The licensing agreement provides the most recent versions of these products to all City of Durham computer users and servers for a three-year period. The Microsoft platform of products, which is used throughout the City of Durham, is composed of Microsoft Office Professional Edition (which includes: Word, Excel, Outlook, Access, Publishers, InfoPath and PowerPoint), the Windows XP and Vista desktop operating systems, and Windows 2000/2003 server operating systems, and the Client Access Licenses for Microsoft BackOffice, and SharePoint Portal client access licenses.

The Microsoft Enterprise Agreement entitles the City to all listed Microsoft software upgrade releases under its agreement during the three-year contract period.

An Enterprise Agreement also offers simple administration, business value, and an enterprise-level relationship including:

- Rights to the most current versions of the Microsoft enterprise platform of products.
- A fixed, predetermined annual price per desktop. Also additional PCs or servers can be added at a predetermined price even if there is an increase in the retail price.
- Equal annual payments for a three-year term.
- A comprehensive enterprise solution that includes licenses, services, and support.

In order to select a new Microsoft Large Account Reseller (LAR) company, the City issued a RFB on June 8, 2011. Each LAR was requested to provide a Microsoft Enterprise Licensing Agreement to include the software assurance for 1,405 desktop computers, additional server software, and training software. In the RFB, the City requested an agreement comprised of the following software products:

Platform Seats - Existing:

1405	Core CALClient Access License
1405	Office Professional Plus
1405	SQL CAL
1405	Win Pro w/MDOP

1405	Enterprise Core Cals
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Additional Products:

1	Exchange Server - Enterprise
1	Exchange Server - Standard

1	Project Professional
1	Project Server
2	SharePoint IntrntSites Ent
1	SharePoint Server
1	SQL Server Enterprise Edition
12	SQL Server Standard Edition
8	SQL Server Standard Edition
1	Sys Ctr Data Prtcn Mgr Svr ML Ent
1	Sys Ctr Ops Mgr Svr Mgmt Lic Ent
1	Sys Ctr Ops Mgr Svr Mgmt Lic Std
1	Sys Ctr Ops Mgr Svr wSQL
1	Technet Plus Single User
1	Visio Professional
1	Visio Standard
8	Visual Studio Ultimate
1	Visual Studio Ultimate
18	Windows Server Datacenter 1 Proc
1	Windows Server Enterprise
1	Windows Server Standard
6	Windows Server Standard
2	Windows Svr ExtrnConn

The following bids were received at 2:00 pm, Wednesday, June 29, 2011 to furnish the City with a Microsoft Enterprise Licensing Agreement for a three-year period:

<u>COMPANIES</u>	<u>TOTAL AGREEMENT</u>
*SHI International Somerset, NJ	\$1,144,066.50
CompuCom Systems Dallas, TX	\$1,211,681.82
Insight Public Sector Tempe, AZ	\$1,321,166.34

*** Low Bid**

Issues/Analysis

The proposed agreement includes additional server products and some training software vouchers which enables the City to receive additional training at a Microsoft Certified Training Facility. By including the server software in the Enterprise Licensing Agreement, the City is entitled to all upgrades released by Microsoft for servers and the City is able to access online and telephone support and problem resolutions tools at no additional cost.

Additional server software included in the agreement is Microsoft SharePoint 2010. This is essential software for developing the City of Durham's new Internet and Intranet sites.

Using SharePoint 2010, departments can set up Websites to share information with others, manage documents from start to finish, and publish reports to help everyone make better decisions.

SharePoint 2010 is a business collaboration platform that enables the City to connect and empower people through formal and informal business communities, within the enterprise and beyond, and to manage content on the enterprise level. SharePoint 2010 is enhanced by Search technologies and makes it possible to rapidly respond to business needs through self-service business insight and faster solutions deployment.

Additional server products, training and support benefit and an additional seven desktops to the network have increased the cost of the three-year agreement by \$369,935.30. The total cost of the previous agreement was \$774,131.25. The new contract total for three years is \$1,144,066.50 and is paid in annual installments of \$381,355.51.

The State of North Carolina has a Select Agreement, which provides for governmental entities to purchase software products at a discount. Listed below is the cost to purchase the products for desktop computers included in the proposed agreement off the State's contract:

Software Product	Cost	Quantity	Total
Office Professional Win32 Listed Languages	317.31	1405	445,820.55
Windows Professional Listed Languages	124.58	1405	175,034.90
Core Device Cal Listed Languages	190.17	1405	267,188.85
SharePoint Portal CALs	65.19	1405	91,591.95
SQL CALs	53.84	1405	75,645.20
Exchange CAL 2003	28.22	1405	39,649.10
Total			\$1,094,930.55

To purchase the core software off the State contract would cost the City more money and the City would not be entitled to upgrade advantages. Additionally, the above cost does not include server software, support benefits, and training that are included in the proposed Enterprise Licensing Agreement.

Alternative

If SHI cannot fulfill this agreement, the City can contract with the next lowest bidder.

Financial Impact

The Technology Solutions department has funds available to cover the Microsoft Enterprise Agreement cost of \$381,355.51 in FY2012 budget; however, the department will need the funds appropriated for the second and third years.

SDBE Summary

The Equal Opportunity/Equity Assurance Department has reviewed the bid submitted by Software House International and has determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

SDBE REQUIREMENTS

No M/SDBE or W/SDBE goals were set.

Workforce statistics for SHI International Corp. are as follows:

Total Workforce	1095	
Total Females	443	(40%)
Total Males	652	(60%)
Black Males	69	(6%)
White Males	458	(42%)
Other Males	125	(12%)
Black Females	53	(5%)
White Females	287	(26%)
Other Females	103	(9%)

Attachment: Microsoft Enterprise Enrollment